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THE CHINA-JAPAN CONNECTION: PROSPECTS (AND PITFALLS). (U)
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**STRATEGIC STUDIES INSTITUTE
US ARMY WAR COLLEGE
Carlisle Barracks, Pennsylvania**

**THE CHINA-JAPAN CONNECTION:
PROSPECTS (AND PITFALLS)**

by

Joseph S. Curran, Jr.

30 November 1978

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FOREWORD

This memorandum projects to the turn of the century and finds a situation wherein China, having solved its population and food problems, has fully exploited its oil resources to the point of being able to afford the complete modernization of its Armed Forces and the achievement of a nuclear counterforce capability vis-a-vis the other nuclear powers. In the year 2000 Japan's two-way trade with China has reached parity with that which it conducts with the United States. Japan has also signed a Non-Aggression Pact with China, with a provision to continue to sell mutually-agreed-upon military hardware and technology to the PRC. Finally, the author assesses the US strategic position in East Asia as of the year 2000 and concludes that the decreased likelihood of Japan's foreign policy being a replica of that of the United States, due to its more intimate relationship with the PRC and its own military buildup, is more than offset by the increased stability in East Asia from a combination of PRC growth and Japanese economic enmeshment.

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This memorandum was prepared as a contribution to the field of national security research and study. As such, it does not reflect the official view of the College, the Department of the Army, or the Department of Defense.



DeWITT C. SMITH, JR.
Major General, USA
Commandant

BIOGRAPHICAL SKETCH OF THE AUTHOR

LIEUTENANT COLONEL JOSEPH S. CURRAN has been Director of Asian Studies, Department of National and International Securities Studies, since July 1978. He joined the Strategic Studies Institute in 1975, after completion of the master's degree program at the University of Michigan in Asian Studies. He entered the Army in 1958 after receiving a bachelor's degree in English literature from Boston College. Colonel Curran is also a graduate of the Army's Foreign Area Specialist Program for China, and his out of country assignments include Canada, Korea, Vietnam, and Taiwan.

THE CHINA-JAPAN CONNECTION: PROSPECTS (AND PITFALLS)

Washington, DC, Jan 1, 2001 [ASSOCIATED PRESS INTERNATIONAL]. The 20th Annual US Presidential News Conference was held last night, with the expressed purpose of highlighting the President's analysis of the major events of the past year. An abridged transcript of the conference follows:

"QUESTION: Madam President, on behalf of my colleagues I would like to wish you a Happy New Year.

THE PRESIDENT: Thank you.

QUESTION: Madam President, in view of the fact it is a new year, I wonder if you'd comment on the nonaggression pact signed last week by China and Japan, and especially on what this means for US security?

THE PRESIDENT: Well, I must say, the pact came as quite a shock to us; not so much the content of it, since it's been obvious for years that the two countries have grown closer together, but the fact that we weren't consulted or even informed ahead of time by either country. I might add, when we told them of our shock at this sort of behavior, both countries expressed their regret at this oversight. They said it won't happen again. . . ."

THE SETTING

For both countries, it was like being born again. Post-World War II

events saw China in the final stages of its civil war, as the nominal KMT government of all China cracked and shattered. The Chinese Communist Party leaders expanded the area under their control, until Mao Tse-tung himself stood in Peking on October 1, 1949 and declared his government's official founding. The government of Japan, on the other hand, having been divested of all real power, purged of its war criminals, and freed from the economic vise of its *zaibatsu*, found itself under the tutelage of a fairly benign US occupation, the leaders of which began to teach them anew the techniques of mastering democracy. In 1952 Japan was ready to go mostly on its own, but with reliance for military defense upon the United States.

Both countries, China and Japan, were in the early 1950's almost entirely changed by the events of World War II and its aftermath. The relationship between them had altered drastically as well—the former colonialist exploiter had lost its power, and the once-exploited country, for over a century, had for the first time “stood up.” Neither one was captive to the other—but both in a way were captive to their mentors. The decade of the 1950's saw the Soviet Union and the United States the ultimate arbiters in the way China and Japan, respectively, acted toward each other.

Politically speaking, the first 8 years of the 1950's saw both countries in a deep freeze—the Chinese, struggling to nationalize business and industry, collectivize the land and neutralize domestic enemies, cared little for Japan, a relatively weak nonentity under US domination. Its political thrust was toward Third World countries, and its political rival was India. For Japan, emerging from the occupation structurally sound and beginning to seek overseas markets, relations with China were not a prime objective. There was certainly no political benefit to be gained, and both the United States and the Republic of China on Taiwan proved far more interesting for bolstering Japan's economy through trade. Only “informal trade” was encouraged by Japan, and although growing, by 1958 it was but a tiny fraction of each country's total trade.

As China's “Great Leap Forward” (GLF) began, so too did its foreign policy leap toward militancy. Japan's turn to be attacked politically was furnished by the “Nagasaki Flag Incident” in March 1958. The incident consisted of a right-wing Japanese group pulling down the PRC flag flying over an exhibit in Japan and burning it. Since Japan had no diplomatic relations with the PRC, there was no law covering the offense, and the charges against the vandals were

dismissed. China immediately accused the Kishi government of being responsible for the incident, and deliberately cut down the total trade between the two countries by a third.

Political relations at the official level remained frosty through 1962, but below that level, there was thaw. The PRC tried during this time to appeal to the Japanese through their more sympathetic opposition parties, especially the Japan Socialist Party (JSP). There were numerous visits by JSP politicians to China during this time, which invariably ended with joint statements attacking the attitude and policy of the ruling Liberal Democratic Party (LDP) and expressing solidarity with the Chinese position on the subject at hand, whatever it happened to be. These statements, and this support, were of course given top billing in the Chinese press. For example, a *People's Daily* editorial in early March declared that:

... the stand of the Japan Socialist Party in conducting positive struggle against (Japan Prime Minister) Kishi's reactionary policy certainly reflects the aspiration of the broad masses of Japan and conforms with the interests of the Chinese and Japanese peoples. The Chinese people warmly support their friends of the JSP. . . .¹

Partly as a result of such informal contacts, a "People's Diplomacy" was the order of the day. For example, in June 1959, a joint statement on cultural exchange was signed by representatives of both countries, which set up in Japan exhibits on Chinese culture and economy, calligraphy, postage stamps, and graphic arts, and in China exhibits were arranged in Japanese printing and calligraphy.² The foot was in the door.

The specter of reviving Japanese militarism was created and expanded by the Chinese press to indicate the degree of its government's dissatisfaction with the formal political relationship with Japan. A *Peking Review* article in mid-1959 counted more than 400 "old militarists" serving in local legislatures and noted the Japan's Self-Defense Force strength of 276,000 men was nearly equal to that Japan had in 1931 when it invaded Manchuria.³ The proposed ratification by Japan of the defense treaty with the United States in 1960 brought forth violent language from the Chinese press, and the government launched mass rallies in China against it. In May 1960 one rally in Peking's Tien An Men Square drew a million people;⁴ a week later in Shanghai the attendance at a rally reached 1.7 million⁵ and the mass campaign protest totaled more than 10 million Chinese before it

ended.⁶ The Japanese press, by contrast, ignored the whole proceedings. Almost incredibly there seemed to be no Japanese press commentary or analysis of the spectacle of two million Chinese demonstrating against the treaty; even Mao's comment praising the Japanese people's struggle against imperialism, specifically delivered to Japanese writers,⁷ resulted in no press reaction of either censure or approval. Not so when the informal contacts Japanese politicians were having with China resulted in statements which went over the line, however. A JSP/Asanuma delegation to China in early 1959, for example, resulted in China getting Asanuma to make a *US-Imperialism-is-the-common-enemy* speech; the *Tokyo Times* called it "regrettable,"⁸ while an editorial in *Sankei* pointedly commented on the lack of distinction between the JSP and the Japan Communist Party in such attitudes.⁹ Partly as a result of such reaction, the JSP promptly lost 21 seats in the next election.¹⁰ Perhaps an article in the *Yomiuri* put Japan-China relations into perspective when it said: "The Communist China question is not the only problem of the Japanese government. Nor is it so serious a problem as to determine the destiny of the Nation."¹¹

* * *

"QUESTION: If I might follow up on the China-Japan connection, Madam President, the administration has not yet given its position on the Mutual Trade Pact these two recently signed. Could we have your comments?"

THE PRESIDENT: Well, of course, considering the amount of two-way trade agreed to over the next 10 years, it certainly surpasses anything previously done between the two; but looking at it historically, there have been a succession of such agreements over the last four decades, each bigger than the one preceding it. You can go back in trade agreements to the time before they even recognized each other officially, to the Liao-Takasaki Memorandum, in '62, I believe it was. . ."

* * *

Beating a dead horse without some ulterior motive has never been a Chinese tendency, so when the PRC saw early on that its attempts to woo the Japanese opposition party members were mostly unproductive,

it switched strategies and broadened its field, to factions within the LDP itself. For example, a former LDP premier Ishibashi visited China in 1959; a *People's Daily* editorial welcoming him contrasted his brief ministry favorably with that of Premier Kishi and expressed its appreciation for the difference.¹² A joint communique signed by Ishibashi and Chou En-lai stressed the linkage between political and economic relations, saying they should be developed "in a coordinated manner."¹³ The reaction of the LDP to the Ishibashi communique was described in a *Yomiuri* article as mixed, what with most factions remaining quiet, but with Kishi and his faction leaders "shocked" by it and trying to deride it as often as possible.¹⁴ Nonetheless, other LDP members soon followed Ishibashi, and gradually over the years such visits came to be considered routine.

In August 1960, Chou En-lai met with the director of the Japan-China Trade Promotion Association. During the meeting Chou listed three principles to govern future official trade between the two countries. The first principle was that of government agreement: it must be both governments which concluded future agreements. The second one, the principle of private contracts, meant that such deals were acceptable "... whenever conditions are mature;" the third principle, that of special consideration in individual cases, primarily involved mediation by the two countries trade unions to help small and medium-sized Japanese enterprises with special problems.¹⁵ These three principles would be the watchword for the Chinese in the years to come for the next decade, along with a vocal urging for the normalization of Sino-Japanese relations. Not to put all eggs in the same basket, however, the Chinese set up an alternate to governmental trade, called "friendly trade." A commentary by the *People's Daily* defined such trade as that taking place in the absence of government agreements, so that "... Chinese and Japanese companies which are friendly with each other may proceed from their needs, negotiate and sign private contracts between themselves...." It held that "... individual cases of private economic contracts are indispensable and necessary for the two peoples...."¹⁶

Trade totals during the 1950's were small, but growing until the Great Leap Forward took its toll on China's economy; then they plummeted until China started to recover. The recovery process is shown below in tabular form:¹⁷

The most significant "semiofficial" trade agreement between China and Japan for the entire decade of the 1960's took place in 1962. In

	1960	1961	1962
Chinese Imports from Japan	\$02.7M	\$16.6M	\$38.5M
Chinese Exports from Japan	\$20.7M	\$30.9M	\$46.0M
TOTAL TRADE	\$23.4M	\$47.5M	\$84.5M

November the former Japanese Minister of International Trade and Industry Tatsumosuke Takasaki, who was a current member of the Diet in the LDP, met with the Chinese trade representative Liao Cheng-chih. They signed a memorandum opening up new trade vistas. The main points of the memorandum were in its opening paragraph, which said in part:

"The two sides agree to develop long-term comprehensive trade by exchange of goods, with 1963-1967 as the first five-year period for trade arrangements, during which the average total of import and export transactions shall reach about 36 million pounds sterling"¹⁸ (approximately \$100 million). At his farewell banquet, Takasaki pointed out that this "Liao-Takasaki" (or "L-T") Agreement could be "... an important link in efforts for the normalization of Japanese-Chinese diplomatic relations," while Chou En-lai agreed and moreover said that previously conducted friendly trade "... would still be continued and developed."¹⁹

As important as "L-T" proved to be (not so much for that type of trade per se, since "Friendship Trade" continued to rise at an even greater pace—but for the semiofficial liaison between the two countries it developed), the fulfillment of its terms almost got seriously sidetracked. The first time, in 1964, developed from the Japanese government attempting to have its cake and eat it too; fearing Taiwan's discontent, it sent former Premier Yoshida to meet with Chiang Kai Shek. The meeting resulted in a private letter from Yoshida to Chiang, assuring him that the newly developed links with the mainland were not going to be economically financed with government funds. The "Yoshida Letter" incident caused a furor in Japan, and the government, while refusing to divulge its contents and asserting the letter was not official, did not specifically disavow it until 1968.

While China was in the throes of the Cultural Revolution, what little trade there was internationally with Japan, as with others, was subjected to a political litmus test as well. Japanese businessmen found themselves at Chinese trade fairs listening to lectures on Mao's thoughts and being forced to sign statements of loyalty to Peking's way of looking at the world as part of the business deal. This all culminated in 1970 with Chou En-lai's proclaimed four conditions, which in essence prohibited China's trading with any Japanese companies which dealt with US firms jointly, aided the US war effort in Indochina by supplying arms and ammunition, or invested considerably in Taiwan or South Korea.²⁰ By the time 1970 had ended, approximately 700 Japanese trading firms, led by the fertilizer and steel industries, had accepted the conditions.²¹

By the time the conditions were declared by the Chinese to no longer be in use, in 1973, much had happened on the China-Japan front. In economics, trade had increased considerably and the conditions governing the trade had become much more reasonable. The expressed intention of the Nixon Administration in 1971 to explore its relationship to the PRC with a view toward eventual normalcy, made many Japanese businessmen frantic with the idea that US businessmen might get a toehold on the mainland before they did—or at least become powerful competitors there. Business in turn pushed the Japanese government, already shocked into action by such US audacity vis-a-vis China, into exploring its own political ties with the PRC.²² Prime Minister Tanaka visited Peking in September 1972—his joint statement with Chou En-lai on the 29th of the month established diplomatic relations as of that date. With the establishment of diplomatic relations, the Chinese press polemics against a “rising Japanese militarism” ceased. Japan had seemingly become pacified instantaneously.

Trends in Sino-Japanese trade, before and after the year of recognition, are as follows:²³ (in millions of dollars)

Year	J→C	C→J	Total	% of China's Total Trade
1968	325.4	224.2	549.6	15.5
1969	390.8	234.5	625.3	16.2
1970	568.9	253.8	822.7	20.1
1971	578.2	323.2	901.4	19.3

1974	1984.0	1304.0	3288.0	25.5
1975	2261.0	1530.0	3791.0	28.9
1976	1666.0	1373.0	3039.0	25.5
1977	1594.0	1426.0	3020.0	26.6

The oil crisis which hit the world in 1973 hit Japan as hard or harder than any other country. Japan's economy went into a nose-dive and the inflation rate jumped. Its foreign policy went from relative objectivity on the Arab-Israeli situation to one of "leaning to one side," almost to the point of kowtow, to the Arab OPEC states.

For the PRC, which had been increasing its crude oil production at a dramatic rate, from 1963's 6.4 million tons, to 20 million tons in 1970, then to 70 million tons in 1974,²⁴ the oil crisis gave it an opportunity to aid Japan in diversifying its oil supply, to increase its newly developing political relationship, and to offer a viable alternative to Japan's seeking oil from the USSR. In 1974 the PRC provided Japan with 10 percent of its entire crude oil output,²⁵ and in the following years before Mao's death continued to ship large quantities to Japan, despite internal political pressures from the leftish faction against such export. After Mao's death, the only remaining factors influencing the amount exported were the requirements of the Japanese economy.

The culmination of trade relations between the two to date took place in Peking on February 16, 1978, when a 20 billion dollar trade pact was signed. During the 8 years of the pact, Japan was committed to provide China with steel, modern equipment plants, and industrial technology. During the first 5 years of the pact, China, in turn, would provide Japan, among other things, with 47.1 million tons of oil.²⁶ Studies done by Japan's Advisory Committee for Energy in late 1977 project Japan's oil import need in 1985 and 1990 to be 432KL and 452KL of oil respectively (vs 1975 = 288KL).²⁷ Other studies have estimated that China exploiting on-shore and in the Po Hai Gulf could reach Saudi Arabia's current production levels by 1988. If it were to exploit its continental shelf reserves as well, within 20 years it could rival today's world leaders in oil production.²⁸ Geologist A. A. Meyerhoff, for example, has estimated on-shore reserves at between 20-40 billion barrels, and offshore as 30 billion barrels.²⁹ The key to extraction of this oil seems to be the rate at which the PRC can use foreign technology to extract it.³⁰ As the insistence upon self-reliance seems now less demanding after Mao, this rate should quicken accordingly.

THE FUTURE

The relationship portrayed earlier in this paper made apparent the roller coaster aspects of the China-Japan connection. During the violent structural and social upheavals the PRC engaged in during this time—The Great Leap Forward (GLF 1958-60) and the Great Proletarian Cultural Revolution (GPCR 1966-69)—political relations with the rest of the world became strained and the accompanying dialogue shrill. Japan at this time was just one of many recipients. Economic relations suffered as well, not only during the GLF and GPCR, but because of the economic disruptions they caused, for years after as well. When considering the China-Japan connection, then, the problems with sustaining a mature and progressively more intimate relationship were overwhelmingly caused by aberrations on the Chinese side.

In line with the above, if we are to try to logically deduce the Chinese-Japanese relationship as the next century dawns, several suppositions must be put forward as well, which logically follow from their past relationship:

Continued Japanese political stability and economic motivation.

Post-Mao Chinese policies of practicality and reach for rapid industrialization.

Continued inability and unwillingness on the part of Soviet Union leaders to correct disastrous domestic shortfalls which reduce their willingness and ability to respond militarily to growing Japan proximity to China.

Although these suppositions cannot be scientifically demonstrated, they nonetheless can be logically explicated as follows:

Japan in the last 15 years especially has fully revealed its superpower economic capabilities, and its leaders the ability to run the country under one political roof, the LDP, through the technique of consensus. It has shown throughout its modern history that it must have diversified sources of imports and markets for exports in order to be viable. These economic determinants are the prime factors in shaping its foreign policy.

It can reasonably be argued that Chinese leadership policies with Mao Tse-tung in charge had as their foremost goal the further development and preservation of revolutionary consciousness on the part of the masses and the belief that such an attitude could only be insured by "mini-revolutions" within the country from time to time to

revitalize the Army, the Party, and the government. It was obvious then from the number of purges made to carry out these "mini-revolutions," and even more obvious now both from the restorations of former purgees and the purges made in leadership ranks since Mao's death, that it was Mao himself who was the catalyst to put over these policies, and that the current leadership has no intention of carrying on in like manner.

The Soviet Union can best be described as the country which has "bully" characteristics outwardly, but serious deficiencies inside which severely limit its foreign policy options—especially "bully-type" ones, involving use of force. USSR leaders' "lack of confidence in (the USSR's) own competitiveness," refusal to delegate authority, lack of trust in its non-Russian citizens, combined with its geographical vastness, poor highway net, near total dependence upon interdictable rail systems, and abysmally weak and nonresponsive economy, when combined with nontrustworthy Eastern Europe Warsaw Pact military support in case of war,³¹ all serve to inhibit any otherwise yieldable tendencies to war. Such weaknesses should continue, as well as resulting inhibitions, long beyond the end of the 20th century.

Armed with the above suppositions, the crystal ball into which one peers for 2000's China-Japan relationship loses a good part of its murkiness and reveals:

Economic Enmeshment. China's post-Mao tendency to reduce the ideological and emphasize the practical has continued through the century. Its vast oil reserves were put to full use, both as a source of energy for its own growing industrialization and as a vital source of hard currency, with Japan as the major buyer. China's practical tendencies in turn were matched by Japan, which continued to prioritize economic growth, and diversify its sources of energy with special emphasis upon oil. Japan has provided China with the initial expertise with which to locate and extract its oil resources, and China in turn has reciprocated by selling the Japanese the vast majority of oil available for export. The result has been a pronounced increase in total two-way trade, with the totals for the year 2000 revealing a total not dissimilar to that Japan has with the United States.

Defense/Technology Buildup. In the mid-1980's, both countries began changes in their Armed Forces; Japan, having decided for international credibility and with the belief that the US forces in the Pacific are inadequate and would leave Japan's conventional defenses as its own responsibility, began a gradual buildup in the amount of GNP it

was willing to divert into defense expenditures. From slightly less than one percent in 1978, it has risen by the year 2000 to the total of 5 percent of a much greater GNP. No doubt when they began their buildup, the Japanese were not unmindful of the words Foreign Minister Li Hsien-nien uttered on the subject in 1976, when he said "We would not be worried about some rearmament of Japan provided it was for self-defense. For a country as large as Japan, they cannot do without adequate defense forces."³²

During this period China's concern with its own defenses resulted in a modernization of its conventional forces, especially in equipment bought from Japan; it also sought early on to develop a nuclear force of sufficient size to inflict second strike damage upon any attacker, with special emphasis on the Soviet Union. Both countries had the tacit agreement of the United States, which after its 1979 normalization of relations with the PRC, looked upon China as well as Japan to be deterrents to Soviet aggression in the Pacific. The final outward sign of China-Japan security cooperation was given at the turn of the century with a mutual nonaggression pact which by its existence inferred that the security danger in Asia came from the foreign policy of the Soviet Union.

Domestic Policy Stability. On the Chinese side, policies termed "revisionist" under Mao which were adopted again after his death have continued. Bonuses and differentiated wage structures for industrial workers, increased private plots for farmers, and more consumer goods available for sale have been the rule for the past two decades, to the satisfaction of those affected by them. In addition, the industrial revolution experienced by China has led to many more jobs in the urban areas, and resulted in sharp modification of the "Hsia Fang" program forcibly removing city youth to the countryside—now 50 percent fewer have to go at all, and those who do may return at their option after 2 years. Force did have to be used at the outset of the countryside birth control campaign of 1980, similar to that of India under Ghandi in the 70's, but with much more spectacular results and much less lasting resentment. New technology in agriculture resulting in more arable land, more crops per year, and greater output per acre, combined with the birthrate reduction, have led to greater per capita caloric intake and much less food rationing in China. For Japan, which continues to govern by consensus, the techniques used to coopt opposing LDP factions and other political parties through bargaining have continued to the point that political analysts have doubts that the

LDP will ever leave political office completely. The full employment policy has been maintained, and the economy diversified and fully competitive. New governmental welfare measures adopted in the last decade, although not as fully developed as in the West, have filled an obvious gap in governmental responsibility for its citizens' common good.

THE STRATEGIC POSITION OF THE UNITED STATES IN ASIA—2000 A.D.

The United States in the year 2000 still finds itself involved in most areas of the world and is still looked upon by most nations as the one credible counterweight to the Soviet Union. The United States in Asia no longer has a Japanese ally which closely imitates the twists and turns of US foreign policy. Then again, since the national interests of both are not identical in many areas, the United States does not find what has been a gradual Japanese foreign policy independence shift, surprising. The United States own foreign policy has changed in Asia over the past two decades. Now it has full relations with the PRC, exchanges intelligence with the Sino-Japanese Satellite Network (SJSN)³³ and trades with both as "most favored nations." The nuclear umbrella protection for Japan remains, and is as credible as any other US defense commitment to another country. The only country capable of threatening the area, the USSR, is too preoccupied trying to straighten itself out domestically to risk adventurism. The combination of PRC modernization and enmeshment with Japan economically provides a base of stability for the region not there previously. From the US point of view, the loss of its "special relationship" with Japan has been more than offset by the gain inherent in increased Asian stability. The prophetic words of Japanese Prime Minister Yoshida, spoken in 1951 that "Red or white, China remains our next-door neighbor. Geography and economic laws will, I believe, prevail in the long run over any ideological differences and artificial trade barriers,"³⁴ have at last come true, and insightfully describe a current relationship primarily responsible for the generally perceived lengthening of odds against an Asian war.

* * *

"THE PRESIDENT: Are there any more questions?"

QUESTION: I have one, Mister Pres. . . pardon me, Madam President. . .

THE PRESIDENT: You're forgiven. (Laughter) What's the question?

QUESTION: Since China and Japan have become such close allies in defense and trade, won't this eventually drive a political wedge between them and us?

THE PRESIDENT: One thing I absolutely refuse to do is predict the future. After all, who in 1978, even after that huge China-Japan trade agreement, could ever have predicted what their relationship would be like today?"

ENDNOTES

Abbreviations:

PD - People's Daily
SCMP - Survey of the China Mainland Press
NCNA - New China News Agency
PR - Peking Review
DSJP - Daily Summary of the Japanese Press
FEER - Far Eastern Economic Review
CQ - China Quarterly

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28. Harrison, p. 4.

29. *Ibid.*, p. 6.

30. *Ibid.*, pp. 20, 21.

31. LTC Richard P. Clayberg, *The Problem of Soviet Vulnerabilities*, Strategic Studies Institute, Carlisle Barracks, Pennsylvania: December 30, 1977, pp. 138-145.

32. Quoted in "Quarterly Chronicle and Documentation," *CQ*, No. 70, January-March 1977.

33. First begun on a more informal basis, according to the *China Quarterly* (No. 67, April-June 1976), in 1976, when US intelligence leaked the names of known and suspected Soviet and other Eastern bloc spy ships operating in the Far East.

34. Quoted in Gene T. Hsiao, "The Sino-Japan Rapprochement: A Relationship of Ambivalence," *CQ*, No. 57, January-March 1974.

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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) This memorandum projects to the turn of the century and finds a situation wherein China, having solved its population and food problems, has fully exploited its oil resources to the point of being able to afford the complete modernization of its Armed Forces and the achievement of a nuclear counter-force capability vis-a-vis the other nuclear powers. In the year 2000 Japan's two-way trade with China has reached parity with that which it conducts with the United States. Japan has also signed a Non-Agression Pact with China,		

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with a provision to continue to sell mutually-agreed-upon military hardware and technology to the PRC. Finally, the author assesses the US strategic position in East Asia as of the year 2000 and concludes that the decreased likelihood of Japan's foreign policy being a replica of that of the United States, due to its more intimate relationship with the PRC and its own military buildup, is more than offset by the increased stability in East Asia from a combination of PRC growth and Japanese economic enmeshment.

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